GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:5889
ANSWERED ON:03.05.2002
EXPORT OF TEXTILE GOODS
AVSM, BRIG.(RETD.) KAMAKHYA PRASAD SINGH DEO

Will the Minister of TEXTILES be pleased to state:

(a) whether the Government have received certain suggestions from the exporters and other agencies related to the textile industry regarding measures to improve country`s exports;

(b) if so, the details thereof;

(c) whether these suggestions also include/carrying out several changes in fiscal policy; and

(d) if so, the details thereof and the reaction of the Government thereto ?

Answer

MINISTER OF STATE FOR TEXTILES (SHRI V. DHANANJAY KUMAR)

(a) to (d) The Government has been closely interacting with all segments of textile and clothing industry with a view to taking fresh policy measures for improving country`s exports. The various Textile Industry Associations including exporters representing the textile industry gave suggestions for rationalisation of tax structure which inter-alia include reduction in corporate tax, removal of anomalies in fiscal duty, reduction in excise duty and customs duty etc. Such suggestions are given due consideration and based on merit of each suggestion, necessary changes are effected.

Some of the important announcements made in the Union Budget 2002-03 in respect of textile sector are as follow: -

i) Dereservation of knitwear sector from SSI announced.

ii) Withdrawal of CENVAT exemption on plain / cross reel hank yarn of cotton as well as artificial staple fibre and levy of CENVAT of 8% except cotton yarn in plain (straight) reel hanks of upto 2 counts manufactured from cotton waste on condenser card machines.

iii) Introduction of optional CENVAT @ 12% (BED 8% + AED 4%) on grey fabrics

iv) CENVAT has been reduced on woven and man-made knitted processed fabrics -from 16% (Basic 8% + AED 8%) to 12% (Basic 8% + AED 4%).

v) Compounded levy system for independent power processing abolished.

vi) An optional CENVAT of 12% (CENVAT 8% + AED 4%) has been prescribed for processed knitted fabrics of cotton.

vii) An optional levy of 12% ad-valorem has been introduced in the budget in the knitwear sector.

viii) CENVAT has been reduced from 16% to 12% on woven garments and made-ups. Woven garments made from handloom fabrics have been exempted from CENVAT.

ix) On specified 16 items of silk machinery (weaving, processing and twisting) import duty reduced from 25% to 10%.

x) The import of such machinery also exempted from CVD.Specified capital goods items of silk weaving, processing and twisting machinery also exempted from CENVAT.

xi) Shuttle automatic looms exempted from CENVAT.

xii) Certain specified capital goods of jute industries have been exempted from CENVAT

xiii) 28 specified items of textile machinery exempted from CENVAT as also import of such items from CVD.

xiv) On new plant and machinery acquired after 1st April, 2002 admissibility of additional depreciation at the rate of 15% made

applicable.